Public transportation fund revisions
(HB 2216 by Hackney/Caperton)

DIGEST: HB 2216 would have evenly divided all money in the Public Transportation Fund (PTF), which was created in 1975 to help local governments collect federal matching funds for mass transit, among three types of mass transit authorities: one-third to the large urban mass transit authorities, one-third to urbanized areas with populations of more than 50,000 and no local sales tax, and one-third to rural/small urban areas.

(The federal matching program requires a local government or entity to raise 20 percent of the cost of a capital project; the federal government will then "match" it with the remaining 80 percent.

(At present, the PTF is divided into two programs: the "formula program" receives 80 percent of the PTF to fund capital projects in urban areas with a population of 200,000 or more. The "discretionary program" gets 20 percent of the PTF to fund capital projects in other incorporated cities and any other entity designed to receive federal funds for rural public-transportation systems.)

HB 2216 would have defined "designated recipient" as a city, a mass transit authority or an entity designed to receive federal funds for a rural public transportation system. Unspent PTF funds would have automatically gone into the discretionary program, and all designated recipients would have been eligible to receive funds from the discretionary program. Designated recipients would have been permitted to use funds from the PTF to pay operating and administrative expenses and to provide 65 percent of the amount needed to get federal matching funds and 50 percent of the cost of a public transportation project for which no federal funds were available.

GOVERNOR'S REASON FOR VETO: The governor said HB 2216 would require the highway commission to allocate all the money in the Public Transportation Fund (Fund 451) according to a formula and would no longer allow the commission to separate federal funds for rural areas from Fund 451 before allocating grants under the formula program. Although the intent of HB 2216 was to make more Fund 451 money available to rural areas, it would actually penalize the rural areas by diverting federal rural program funds to non-rural recipients and would alter the current balance of funds distribution between designated recipients of Fund 451 to an unacceptable degree.

AUTHOR'S VIEW: Rep. Clint Hackney was unavailable for comment.

NOTES: HB 938, passed in 1985, changed the allocation formula in Fund 451: the formula program receives 80 percent of the fund, instead of 60 percent, and the discretionary program receives 20 percent, instead of 40 percent. The Highway Department says all of the funds in Fund 451 are state funds; no federal money actually goes through Fund 451. All federal grants are given directly to the transportation authorities.

The House Research Organization analysis of HB 2216 appeared in the May 1, 1987 Daily Floor Report.